

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

CRYSTALLEX INTERNATIONAL
CORPORATION,

Plaintiff,

v.

BOLIVARIAN REPUBLIC OF VENEZUELA,

Defendant.

Case No. 1:17-mc-00151-LPS

**SALE PROCESS PARTIES PHILLIPS PETROLEUM COMPANY VENEZUELA
LIMITED, CONOCOPHILLIPS PETROZUATA B.V., AND CONOCOPHILLIPS GULF
OF PARIA B.V.'S REPLY TO LAUNCH DATE OBJECTIONS**

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Dated: June 5, 2023

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STATEMENT AND REPLY

ConocoPhillips' position has consistently been that it did not make sense for the sale process to go forward until OFAC provided meaningful guidance that would assure potential bidders that it was worth their while to participate in a sale process for the PDVH shares. OFAC has now provided that meaningful guidance. Accordingly, ConocoPhillips agrees with the Special Master's recommendation to set a Preparation Launch Date.

The Venezuela Parties' two objections are not persuasive.

First, OFAC has now clearly indicated that it will take no enforcement action against any person or entity participating in the sale process. OFAC has also stated that it will have a favorable licensing policy towards permitting a winning bidder to close the sale. Those assurances from OFAC should be sufficient to create a robust auction process, particularly in light of CITGO's recent results, which likely make it a highly desirable target.

Second, the sale should not be delayed until the Venezuela Parties' appeals are resolved. The Venezuela Parties cannot be permitted to use their own appeals (in separate cases brought by separate creditors) to further delay the satisfaction of unstayed, long-unpaid direct judgments against PDVSA, such as those held by ConocoPhillips.

In any case, the Venezuela Parties' position that it would be "prudent" for the Launch Date to await resolution of their appeals in the alter ego cases is both disingenuous and without merit. In crafting the Sale Procedures Order, the Court and the Special Master, with the input of the Sale Process Parties, built in the certainty that the Venezuela Parties insist upon. The Order provides that "[e]xcept as otherwise ordered by the Court, following the Additional Judgment Deadline, the Special Master shall implement the Sale Procedures, based on the Attached Judgments as of the Additional Judgment Deadline." D.I. 481 ¶ 30. That provision resolves any uncertainty the

Venezuela Parties may have regarding which judgments are subject to being satisfied through the Sale Process.

Similarly, with respect to the 2020 Bondholder appeal, ConocoPhillips recognizes that the potential validity of the pledge of the CITGO Holding stock will be taken into account by potential purchasers in formulating their bids. But they are free to craft bids that would address the various potential outcomes on that appeal, including the potential need to refinance or otherwise reach an accommodation with those bondholders if the judgment is affirmed.

The sale process has waited long enough. The Venezuela Parties' objections should be overruled and a Launch Date set in accordance with the Special Master's Supplemental Report.

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Respectfully submitted,

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